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DEPARTMENT OF AUDITOR-CONTROLLER**

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August 22, 2007

TO: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **MARAVILLA FOUNDATION CONTRACT – A WORKFORCE  
INVESTMENT ACT YOUTH PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of Maravilla Foundation, a Workforce Investment Act (WIA) Youth program provider.

**Background**

The Department of Community and Senior Services (DCSS) contracts with Maravilla Foundation (Maravilla or Agency), a private non-profit organization, to provide and operate the WIA Youth program. The WIA Youth program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. Maravilla is located in the First District.

Maravilla is compensated on a cost reimbursement basis. Maravilla's contract was for \$232,178 for Fiscal Year (FY) 2006-07.

**Purpose/Methodology**

The purpose of the review was to determine whether Maravilla complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

*"To Enrich Lives Through Effective and Caring Service"*

### **Results of Review**

Maravilla provided the required program services, maintained sufficient internal controls over its business operations, and the Agency's expenditures were allowable, properly documented and accurately billed. In addition, Maravilla's cost allocation plan was prepared in compliance with the County contract and costs were appropriately allocated. Details of our review are attached.

### **Review of Report**

We discussed our report with Maravilla and DCSS on July 31, 2007. The Agency agreed with the results of the review and decided not to submit a written response.

We thank Maravilla for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer  
Cynthia Banks, Director, Department of Community and Senior Services  
Mary Loya, Operations Manager, Maravilla Foundation  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
MARAVILLA FOUNDATION  
FISCAL YEAR 2006-07**

**ELIGIBILITY**

**Objective**

Determine whether Maravilla Foundation (Maravilla or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for 10 (14%) of the 71 participants that received services between July 2006 and March 2007 for documentation to confirm their eligibility for WIA program services.

**Results**

All ten participants met the eligibility requirements for the WIA Youth Program.

**Recommendation**

**There are no recommendations for this section.**

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for ten (14%) program participants that received services from July 2006 and March 2007. We also interviewed four program participants/guardians.

**Results**

The four participants/guardians interviewed stated that the services received met their expectations. In addition, the case files for all ten program participants contained documentation to support the services billed to DCSS.

**Recommendation**

**There are no recommendations for this section.**

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's February 2007 bank reconciliation.

**Results**

Maravilla maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

**Recommendation**

**There are no recommendations for this section.**

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented, and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for 31 (97%) of the 32 non-payroll expenditure transactions billed by the Agency for August 2006 and February 2007, totaling \$9,180.

**Results**

Maravilla's expenses were allowable, accurately billed to DCSS and supported by documentation as required.

**Recommendation**

There are no recommendations for this section.

**INTERNAL CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

**Results**

Generally, Maravilla maintained sufficient internal controls over its business operations.

**Recommendation**

There are no recommendations for this section.

**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether Maravilla's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's inventory listing. In addition, we performed an inventory and reviewed the usage of ten (50%) of the 20 items purchased with WIA funds, totaling approximately \$10,300.

**Results**

Maravilla used the items purchased with WIA funding for the WIA program. In addition, the items were appropriately safeguarded.

**Recommendation**

**There are no recommendations for the section.**

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

**Verification**

We traced and agreed the payroll expenditures totaling \$10,910 for four employees and three participants for February 2007 to the Agency's payroll records and time reports. We also interviewed one employee and reviewed the personnel files for four staff assigned to the WIA program.

**Results**

Maravilla appropriately charged payroll expenditures to the WIA program. In addition, Maravilla's personnel files were properly maintained.

**Recommendation**

**There are no recommendations for this section.**

**COST ALLOCATION PLAN****Objective**

Determine whether the Agency's cost allocation plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed Maravilla's cost allocation plan and reviewed a sample of expenditures incurred by the Agency during August 2006 and February 2007 to ensure that the expenditures were properly allocated to the Agency's appropriate programs.

**Results**

Maravilla's cost allocation plan was prepared in compliance with the County contract and costs were appropriately allocated.

**Recommendation**

**There are no recommendations for this section.**

**CLOSE-OUT REVIEW****Objective**

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoice was reconciled to the agency's financial accounting records.

**Verification**

We traced and agreed the Agency's FY 2005-06 general ledger to the Agency's final close-out invoice for FY 2005-06. In addition, we reviewed the prior year's general ledger for any duplicate postings or any unallowable costs and reviewed a sample of transactions from the FY 2005-06 general ledger.

**Results**

Maravilla's final close-out invoice reconciled to the Agency's financial records.

**Recommendation**

**There are no recommendations for this section.**

**PRIOR YEAR FOLLOW-UP****Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

**Verification**

We verified whether the outstanding recommendations from the Fiscal Year 2005-06 monitoring review were implemented. The report was issued in January 2007.

**Results**

Maravilla implemented the one recommendation reported in the prior monitoring report.

**Recommendation**

**There are no recommendations for this section.**